

## Message Text

UNCLASSIFIED

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ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01  
INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02 CIEP-02  
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-03  
H-02 PA-02 PRS-01 /098 W

-----140239Z 036615 /60

R 100901Z JAN 77 ZDK CTG RUEATRS 0003 0132145

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 4615

TREASURY DEPT WASHDC

UNCLAS TOKYO 0306

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: TAXATION OF FOREIGN BANKS IN JAPAN

REF: TREAS DEPT 4618, JUNE 4, 1976

1. EMBASSY HAS RECEIVED REPORTS FROM AMERICAN BANKING  
COMMUNITY THAT MOF HAS, FOLLOWING HIATSU SINCE MIDDLE OF LAST  
YEAR, RESUMED ACTIVE NEGOTIATIONS WITH SOME AMERICAN BANKS  
OPERATING IN JAPAN CONCERNING COST BASIS FOR TAX PURPOSES  
OF FOREIGN FUNDS BORROWED BY SUCH BANKS. USG INTERVENTION HAS  
NOT BEEN SOUGHT, BUT LAW FIRM ACTIVE IN COUNSELING AMERICAN BRANCH  
BANKS OPERATING IN JAPAN HAS ENQUIRED AS TO RESULTS OF USG

CONSULTATIONS WITH GOJ PROPOSED REFTTEL. EMB WOULD APPRECIATE  
REPORT ON THESE CONSULTATIONS, WITH VIEW TO PROVIDING LAW  
FIRM SUCH INFORMATION AS MAY APPROPRIATELY BE GIVEN.

2. EMB UNDERSTANDS THAT IRS HAS ISSUED PROPOSED REGULATIONS  
UNDER IROCDE SEC 861 CONCERNING METHODS OF CALCULATING  
DEDUCTIONS OF INTEREST FOR DETERMINING U.S. SOURCE INCOME  
AND THAT PUBLIC HEARINGS HAVE BEEN HELD ON THE PROPOSED  
REGULATIONS. EMB WOULD APPRECIATE REPORT ON STATUS OF  
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THESE REGULATIONS AND EVALUATION OF IMPLICATIONS, IF ANY,  
OF PROPOSED REGULATIONS FOR U.S. POSTURE TOWARD CURRENT  
NEGOTIATIONS BETWEENHU.S. BANKS IN JAPAN AND MOF.  
HODGSON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TAX LAW, BANKS, BANK BRANCHES, BANK LOANS, TAXES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 10-Jan-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977TOKYO00306  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770033-0926, D770008-0804  
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**Previous Handling Restrictions:** n/a  
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**Review Release Event:** n/a  
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**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** TAXATION OF FOREIGN BANKS IN JAPAN  
**TAGS:** EFIN, JA, US  
**To:** STATE TRSY MULTIPLE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009